



Deposit And Redeposit Service Under the Federal Employees Retirement System (FERS)

Updated 25 Sep 02

What is deposit service?

Deposit service is the period of service during which retirement contributions were not withheld from your salary, also called nondeduction service. Some examples include temporary employment and time while working on an intermittent work schedule. As a FERS employee, you must pay a deposit of 1.3 percent of the basic pay earned during the nondeduction service, plus interest, in order to receive credit for that period of service. The 1.3 percent deposit applies regardless of when the service was performed or whether deductions would have been taken at 1.3 percent if they had been taken at the time the service was performed. FERS employees may make a deposit for service prior to 1-1-89. Deposit service on or after 1-1-89 is not creditable - deposit is not allowed.

What is redeposit service?

Redeposit service is service for which you contributed to the retirement fund and later received a refund of those contributions. A refund covering a period of service for which FERS deductions were withheld is **not** creditable for ANY retirement purpose. Refunded FERS service may not be redeposited.

Under what conditions is a redeposit allowed for service for which an employee has received a refund of contributions?

If the refunded service occurred prior to being covered under the FERS retirement system, you may receive credit for the service by paying a redeposit. If the service is credited under FERS rules, you must pay a deposit of 1.3 percent of the basic pay received during the period of refunded service, plus interest. However, if the service is part of a CSRS component, then CSRS redeposit rules apply.

How is interest assessed?

Interest is added at the rate of four (4) percent to December 31, 1947; three (3) percent from January 1, 1948 through December 31, 1984; and the variable market interest rate after December 31, 1984, compounded annually. The variable interest rates from 1985 to the present:

1985	13.0%	1992	8.125%	1999	5.75%
1986	11.1225%	1993	7.125%	2000	5.875%
1987	9.0%	1994	6.25%	2001	6.375%
1988	8.375%	1995	7.0%	2002	5.5%
1989	9.125%	1996	6.875%		
1990	8.750%	1997	6.875%		
1991	8.625%	1998	6.75%		

Is it beneficial to make a FERS deposit for nondeduction service prior to 1-1-89?

Generally, yes. If you don't pay the deposit, you will not receive credit for the deposit service in determining eligibility to retire or in computing your retirement annuity.

Does nonpayment of a deposit have an effect on crediting service for purposes other than retirement?

No. Full credit is granted for leave, promotion, pay increases, retention credits in reductions-in-force, and continuation of life insurance and health benefits after retirement, whether or not the deposit is made.

How do I make a deposit or redeposit?

You must complete an SF 3108 (Application to Make Service Credit Payment for Civilian Service-FERS). Full service employees will obtain SF 3108 by contacting a BEST Benefits Counselor (phone numbers are at the end of this brochure). The counselor will complete the agency portion of the form prior to sending it to you. Upon receipt, you will complete the applicant's portion and mail the form to the following address: Office of Personnel Management (OPM), Federal Employees Retirement System, P.O. Box 200, Boyers PA 16020. OPM will send you a letter notifying you of the deposit or redeposit amount. You may pay the deposit/redeposit in installment payments of \$50.00 or more, or you may choose to pay the amount in full. You must remit these payments directly to OPM. You will continue to be charged interest on the unpaid balance until it is paid in full. It is important to remember that the longer you take to pay the deposit/redeposit, the more interest you will be charged on the amount due. You will need to retain your copy of OPM's receipt showing full or partial payment. Upon final payment, you will need to send a copy of OPM's receipt to HQ AFPC/DPCMB, 550 C Street West, Suite 57, Randolph AFB TX 78150-4759. Limited service employees must contact their servicing Civilian Personnel Flight (CPF) for procedures and questions regarding deposit/redeposit service.

May I make a deposit or redeposit after separation from service?

You may make a deposit after separation from service if you have present or future annuity rights (i.e., you have at least 5 years of creditable service and did not take a refund of retirement contributions at your last separation from service). Payment in such cases may be made any time before final adjudication of the retirement claim.

May I make a deposit/redeposit after retirement?

Yes, but the deposit/redeposit must be fully paid by the time OPM completes final adjudication of your retirement. It is not necessary to postpone filing an application for retirement because a deposit/redeposit is due. Just be sure to include a written request to make the deposit/redeposit, or a completed SF 3108, with your retirement package. OPM will contact you to advise of the amount due and how your annuity will be affected if not paid. If you wish to make the payment, you will do so at this time. A word of caution – if you will not be eligible for retirement without this service, then you must pay the deposit.

Who can I contact if I have questions or need assistance?

“Full service” employees may contact a BEST Benefits Counselor at the number(s) below. “Limited service” employees must contact their servicing Civilian Personnel Flight (CPF) for assistance with deposit and/or redeposit service and other retirement related issues.

Benefits and Entitlements Service Team (BEST)

**HQ AFPC/DPCMB
550 C Street West Ste 57
Randolph AFB TX 78150-4759**

BEST Homepage: <http://www.afpc.randolph.af.mil/dpc/BEST/menu.htm>

U.S. Toll-Free Phone Number: 1-800-997-2378 Local: Commercial 527-2378

Overseas: Dial a Toll-Free Direct Access Number (obtain from CPF)

Hearing Impaired: U.S. Toll-Free TDD Number: 1-800-382-0893 Local: Commercial 565-2276

Overseas: Toll-Free Direct Access TDD Number (obtain from CPF)

BEST Fax Number: DSN 665-2936 or (210) 565-2936